

KUGKAKTLIK LIMITED

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Sept 11, 2009

David Lockard, Project Manager
Alaska Energy Authority
813 W. Northern Lights Blvd.
Anchorage, Alaska 99503

Re: Kipnuk Bulk Fuel Project,
Phone Conversation 9-11-09

Dear Mr. Lockard;

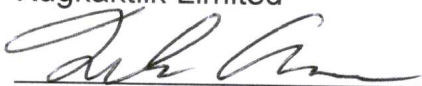
Per our phone conversation this morning; Kipnuk Traditional Council is electing the Kipnuk Light Plant to be the Primary Operator of the Bulk Fuel Facility. Glen Oen from LCMF and Thomas Handley, Sr., Vice-President of the Council has gone as far as drafting a resolution on behalf of Kugkaktlik Limited, which claims the Corporation declines to be the Primary Operator for the Bulk Fuel Facility. As always, Kugkaktlik Limited supports the Kipnuk Bulk Fuel Project but has not declined the role of Primary Operator for the Fuel Facility. Kugkaktlik Limited is most suited to be the Primary Operator for the Bulk Fuel Facility, not only for having annual audits but also for the many years of experience as fuel facility operators.

I have concerns on Glen Oen's involvement drafting a resolution on behalf of Kugkaktlik Limited which would have surrendered our role as Primary Operator. I am curious what his defined role is as Project Manager and whether he has crossed any lines in favor over the other developing the CDR and the business plan.

One of the KTC members also indicated to me the Light Plant would open a fuel sales business, which would displace our existing fuel business. I called Jimmy Paul-KTC Tribal Administrator, thereafter our phone conversation, to substantiate the claim and have learned that this has not been discussed during a Council meeting. In either case, your response was that it would be against Denali Commission Policy to displace any existing business with these grant funds.

Thank you.

Sincerely,
Kugkaktlik Limited



Nelson Anaver, General Manager

Cc: Jimmy Paul, Tribal Administrator